
Introduction

Christophe Geiger

Criminal enforcement is certainly a very delicate item in contemporary lawmaking of intellectual property. Surprisingly, the subject has not caught much of scholars' attention so far. One could even say that it has been rather neglected. There could be many reasons for this: intellectual property (IP) experts tend to be not very familiar with criminal law and vice versa. Moreover, enforcement issues have sometimes been perceived in the past as being technical, involving rather procedural aspects than fundamental theoretical questions. Anyhow, this relatively little interest from scholars is surprising since criminal enforcement of intellectual property has all the ingredients for being a very 'hot topic'. First, harmonization of criminal law at international and European level has been very controversial, since criminal law is closely linked to moral and cultural conceptions within a society. Criminal law has always been a tool to protect the public interest, the harm to society being the justification for the existence of a criminal penalty. Of course, these conceptions diverge severely in different parts of the world. Much research therefore needs to be done in order to find common grounds and elaborate rules that would find broad acceptance. Second, the application of criminal penalties to the infringement of intellectual property rights has always been a debated issue. In fact, criminal enforcement provisions differ significantly in the various national legislations. To start with, not all of them provide for mechanisms of criminal liability. And even when criminal sanctions are provided, there is no uniformity as to what infringements should be criminalized: All IP rights? Only trademarks and copyrights, not patents? And what should be the threshold, since criminal law is in general meant, in most legal systems, to be a measure of last resort? A sign of these difficulties can certainly be seen in the fact that, until now, international IP law has been rather cautious in the field of criminal enforcement, setting only minimum standards.¹ At European level, the introduction of a harmonized standard for criminal

¹ Article 61 of the TRIPS Agreement for example lays down that 'Members shall provide for criminal procedures and penalties to be applied *at least* in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale' (emphasis added), leaving out patent infringements for example.

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enforcement remains very controversial, even if most EU Member States have criminal enforcement provisions in their national IP legislation. A good example is the heated debate caused by the Directive proposal on this subject,² ultimately leading to its failure and final withdrawal by the Commission in September 2010.³

Enforcement issues are presently among the top priorities of international, European and many national lawmakers. Counterfeiting constitutes an ever-growing international phenomenon with major economic and social repercussions.⁴ According to policy makers and industries, this phenomenon currently threatens national economies, having the potential to significantly reduce investments in creativity and innovation. Counterfeiting may also have some consequences for consumer safety and can be responsible for major health problems where medicines and drugs are concerned. Industry groups are pointing to the serious impact of infringements of intellectual property rights on many sectors of the economy, especially the music industry, the automobile and the pharmaceutical sectors. In addition, counterfeiting seems to have become a lucrative criminal activity and appears to be linked to organized criminality. Therefore, legislators are currently emphasizing the necessity of enhancing enforcement, and are looking for ways to introduce new, or increase existing, sanctions for IP infringements. Most frequently, introduction of additional criminal penalties is one of their options and is considered as one of the most effective means of enforcing intellectual property rights. This approach is reflected in the Anti-Counterfeiting Trade Agreement (ACTA),⁵ a treaty negotiated outside the multilateral framework between

² Modified Proposal for a Directive of the European Parliament and the Council on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights dated 26 April 2006, COM (2006) 168 final. For a criticism of this text, see Hilty, R.M., A. Kur and A. Peukert (2006), 'Statement of the Max-Planck Institute for Intellectual Property, Competition and Tax Law on the Proposal for a Directive of the European Parliament and the Council on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights', *IIC*, 970.

³ OJEU, 18 September 2010, 2010/C 252/9.

⁴ See on that issue the OECD study, 'The Economic Impact of Counterfeiting and Piracy', OECD Publishing, 2008, and the November 2009 update of this study on the magnitude of counterfeiting and piracy of tangible products (<http://www.oecd.org/dataoecd/57/27/44088872.pdf>).

⁵ The definitive text is available at the website of the Trade DG of the European Commission, which negotiated the Agreement, http://www.trade.ec.europa.eu/doclib/docs/2011/may/tradoc_147937.pdf. This Agreement was signed on 1 October 2011 in Tokyo by the representatives of eight of the negotiating parties (Australia, Canada, Japan, Republic of Korea, Morocco, Singapore and the United States) and on 26 January 2012 by the European Union and 22 of its Member States.

the EU and ten other countries in order to address the proliferation of counterfeiting at a global level by strengthening the enforcement of IP rights, including criminal enforcement.

At the same time, serious doubts exist whether criminal liability is appropriate in every infringement situation. Nowadays, there are various situations that might require different treatment. First, there are significant differences between the sectors affected by infringements of intellectual property rights. As an example, should the downloading of copyrighted songs on the Internet deserve the same punishments as counterfeiting in areas where public health and consumer safety are at stake? A sector-by-sector approach might be necessary in order to assess appropriately the economic and social harm, and therefore the need for and impact of criminal enforcement provisions. Moreover, should all intellectual property rights infringers be treated and punished equally? Should, for example, individuals be punished the same way as groups involved in organized criminality? It should also be taken into consideration that the use of criminal law can sometimes have strong psychological impact and affect public opinion, having even the potential, in some cases, to lead to the rejection of intellectual property rules. Therefore, a careful and differentiated approach could be needed in order to prevent the image of the IP system from being harmed severely. Moreover, it has often been underlined that the notions of ‘counterfeiting’ and ‘piracy’ are too vaguely defined, and thus cannot constitute appropriate differentiation criteria in criminal cases. Lastly, it has also been emphasized that counterfeiting and piracy in a global perspective might need an approach that takes into account the level of economic development, since ‘it also provides the main form of access in developing countries to a wide range of media goods, from recorded music, to film, to software’.⁶ According to a recent report published by the Social Science Research Council, enforcement efforts might even have had little impact on the overall supply of pirated goods in emerging markets, suggesting that solutions based on adequate pricing in countries with low local income could be more effective than a policy ‘focus on enforcement – on strengthening police powers, streamlining judicial procedures, increasing penalties, and extending surveillance and punitive measures on the Internet’.⁷

Independent academic analysis of the actual and complex issue of criminal enforcement is therefore needed and should contribute to informed

⁶ See the report, ‘Media Piracy in Emerging Economies’, J. Karaganis (ed.), Social Science Research Council, 2011, p. i.

⁷ *Ibid.*, p. iii.

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and balanced lawmaking. This is exactly the aim of this research handbook. In its first part, it addresses the issue of ‘counterfeiting’ from a holistic perspective, underlining its economic, legal and social impacts, as well as some particular aspects usually considered the most relevant in this context, such as consumer protection, public health, organized crime and development. The second part is dedicated to the search for the right remedies for problems arising in various situations. Section 1 provides cross-disciplinary perspectives on criminal enforcement. It begins with a historical overview of the past developments, and then proposes an analysis of economic and psychological aspects. Section 2 scrutinizes the legal framework of criminal enforcement. Infringements of intellectual property rights have assumed international proportions and enforcement issues are addressed by international conventions, already adopted or currently on the way, such as the already mentioned ‘ACTA’ treaty. The first chapter of the second section is therefore dedicated to the international framework. In the EU, criminal enforcement provisions are not yet included in the ‘*acquis communautaire*’ and the following chapters therefore look at the framework that a new European body of legislation would need to comply with, such as the EU treaties or more specifically the obligations resulting from fundamental rights protection. A comprehensive analysis of the failed directive proposal is then provided. In the absence of harmonized rules, the national models are undoubtedly most relevant and the next section therefore proposes a comparative approach. In effect, in Section 3, contributors from different countries and with diverse legal backgrounds analyse their domestic laws regarding criminal enforcement provisions and draw some conclusions. Such methodology appears necessary in an environment where the synchronization of legislation and a common action of states have become essential. The book ends in Part III by a sector-specific analysis of criminal enforcement, looking at three economic areas, which are often considered problematic with regard to enforcement of IP rights, such as the pharmaceutical sector, the automobile industry (with the delicate issue of spare parts) and the music industry, with the crucial question of music file-sharing on the Internet.

Of course, not all the issues related to criminal enforcement could be addressed in this volume and some editorial choices were necessary, in particular regarding the national legislations covered. The subject is therefore far from being exhausted and this book is meant as a starting point and stimulation for further research in this area, rather than a conclusion. As a proof, the contributors to this volume had sometimes diverging opinions on some of the issues. Nonetheless, it was a conscious choice to allow different perspectives and points of view to be expressed. It is the editor’s hope that the handbook will provide useful insights and conclusions in the

context of currently pending initiatives in the field of criminal enforcement at the international, European and domestic levels.

Finally, the utmost thanks have to be expressed to all the persons whose efforts have made this book possible. First, of course, my deepest gratitude goes to the contributors, all highly recognized and prominent academics in their fields. Accepting the invitation to contribute to such a project is a very time consuming effort, and I sincerely thank them for their enthusiasm and support. Secondly, I wish to thank the directors and members of the European Intellectual Property Institutes Network (EIPIN), currently composed of the Queen Mary Intellectual Property Research Institute (QMIPRI) at Queen Mary, University of London, the Munich Intellectual Property Law Center (MIPLC), the Magister Lvcentinvs at the University of Alicante, and the Centre for International Intellectual Property Studies (CEIPI) at the University of Strasbourg, especially Prof. Guido Westkamp, Prof. Josef Drexl, Prof. Manuel Desantes, Prof. Dieter Stauder and Prof. Yves Reboul. In fact, the idea of this book project emerged at the 10th EIPIN Congress dedicated to the issue of criminal enforcement, hosted by the CEIPI in Strasbourg in February 2009, where early versions of some of this book's chapters were presented. I also would like to warmly thank Dr Caroline Roda, Post doc researcher at the CEIPI, for her help in the early stage of work on the book, and Oleksandr Bulayenko, research assistant and PhD candidate at the CEIPI, for his great work, important efforts and support during the editing process. And last but not least, I also would like to express my gratitude to the publisher, especially Tim Williams, for trusting me on this project and for his patience during the (longer than expected) elaboration of the handbook.

